

Message Text

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ACTION EB-07

INFO OCT-01 ARA-10 ISO-00 AID-05 CIAE-00 FRB-01 INR-07

NSAE-00 USIA-15 TRSE-00 XMB-04 OPIC-06 SP-02 CIEP-02

LAB-04 SIL-01 OMB-01 /066 W
----- 104198

R 112047Z NOV 75

FM AMCONSUL RIO DE JANEIRO

TO SECSTATE WASHDC 3012

INFO USDOC WASHDC

AMEMBASSY BRASILIA

AMCONSUL SAO PAULO

AMCONSUL BELEM

AMCONSUL PORTO ALEGRE

AMCONSUL RECIFE

AMCONSUL SALVADOR

UNCLAS RIO DE JANEIRO 3687

E. O. 11652: N/A

TAGS: BEXP, BR

SUBJ: COUNTRY COMMERCIAL ACTION MEETING, OCTOBER 29 -
MARKET RESEARCH

REF.: A) STATE A-4607, JULY 7, 1975

B) SAO PAULO 1288, JUNE 13, 1975

C) BRASILIA 9682

1. SUMMARY

MARKET RESEARCH COSTS BY PROFESSIONAL FIRMS IN BRAZIL ARE
ALREADY WELL BEYOND THE DEPARTMENT OF COMMERCE'S PRICE RANGE.
CHANGING IMPORT CLIMATE RAISES QUESTION WHETHER HIGH-COST
MARKET RESEARCH MAY NOT BE OUT-OF-DATE BY TIME IT IS PUBLISHED.
ONE ALTERNATIVE TO BE CONSIDERED AS SUPPLEMENT TO EXISTING
RESEARCH IS THE USE OF QUALIFIED GRADUATE STUDENTS WORKING ON
M.B.A. PROGRAMS - END OF SUMMARY.

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2. AS ALREADY POINTED OUT IN REF. A) AND B), THE COST OF

MARKET RESEARCH IN BRAZIL IS SOARING. FOR ALL PRACTICAL PURPOSES, THERE IS ONLY ONE BIDDER WITHIN THE U.S. DEPARTMENT OF COMMERCE PRICE RANGE - ADELA. BOTH COMMERCE AND THE COUNTRY COMMERCIAL ACTION GROUP (CCAG) AGREE THAT AS FAR AS THE FUTURE IS CONCERNED, WE CAN EXPECT TO PAY MORE AND RECEIVE LESS FOR THE MARKET RESEARCH WE BUY FROM PROFESSIONAL FIRMS.

3. IN VIEW OF THE "CHANGING IMPORT CLIMATE" DESCRIBED IN SEPARATE MESSAGES, THE CCAG DISCUSSED THE QUESTION OF WHETHER GLOBAL MARKET RESEARCH (GMR) FOR SELECTED U.S. INDUSTRIES AT UPWARDS OF \$6,000 (COMMERCE PRICE, NOT MARKET PRICE) A CONTRACT STUDY IS REALLY WARRANTED UNDER PRESENT CIRCUMSTANCES. THESE STUDIES SELECT A U.S. INDUSTRY E.G. BUILDING PRODUCTS AND CONSTRUCTION EQUIPMENT AND EVALUATE ITS EXPORT POTENTIAL IN A NUMBER OF MARKETS CONCURRENTLY TO PRODUCE A GLOBAL MARKET SURVEY (GMS). CERTAINLY FOR THE TIME BEING, MARKET RESEARCH ON SUCH A BROAD BASIS WILL NOT ONLY PRESENT A DIFFICULT CHALLENGE IN TERMS OF ASSESSING THE IMPORT CLIMATE, BUT MAY BE OUT-OF-DATE AND OVERTAKEN BY EVENTS BY THE TIME IT IS PUBLISHED. OUR CURRENT EFFORTS UPDATE EXISTING MARKET STUDIES (SEE PARA 2 A. REF C) IS CASE IN POINT.

4. HOPEFULLY, THIS OVERLY CHALLENGING SITUATION REGARDING MARKET RESEARCH IS NOT A PERMANENT SITUATION. IN MEANTIME, HOWEVER, THE CCAG RECOMMENDS THAT THE WASHINGTON ACTION GROUP CONSIDER SOME ALTERNATIVE IN ORDER TO MEET OUR IMMEDIATE MARKET RESEARCH NEEDS. THE PRESENT OPTIONS ARE A) CURRENT HIGHCOST MARKET RESEARCH CONTRACT STUDIES OR B) POST-CONDUCTED STUDIES. POST RESOURCES UNDER PRESENT WORKLOADS DO NOT PERMIT THE LATTER.

5. ONE ALTERNATIVE TO BE CONSIDERED AS A SUPPLEMENT TO EXISTING RESEARCH WOULD BE TO INTEREST STUDENTS IN DOING MARKET RESEARCH FOR US FOR A FEE. SUCH STUDIES WOULD NOT BE OF GMR-TYPE BUT ADAPTED TO SPECIFIC OPPORTUNITIES IN BRAZILIAN MARKET. OUR MORE NARROWLY-DEFINED TARGETING NEEDS (DESCRIBED IN OTHER MESSAGES) WOULD NOT SEEM TO BE BEYOND THE COMPETENCE OF TOP-OF-CLASS GRADUATE STUDENTS WORKING FOR BRAZILIAN EQUIVALENT OF MBA. FEE WOULD OF COURSE BE MUCH LOWER THAN PAID TO PROFESSIONAL FIRM AND GUIDANCE WOULD HAVE TO BE PROVIDED BY THE POST. HOWEVER, NEW INSIGHTS INTO BRAZILIAN MARKET MIGHT

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BE OBTAINED.

6. COMMERCIAL COUNSELOR HAS ALREADY EXPLORED FOREGOING ALTERNATIVE ON VERY INFORMAL BASIS WITH THE DIRECTOR OF THE MBA PROGRAM AT THE FEDERAL UNIVERSITY OF RIO DE JANEIRO. PRELIMINARY RECEPTION WAS MOST ENTHUSIASTIC. POSSIBILITY OF TURNING RESEARCH INTO THESIS PROJECT WAS MENTIONED. DISCUSSION OF WHAT STUDENTS MIGHT EXPECT IN TERMS OF "FEE" OR STIPEND RAN

TO A HIGH FIGURE OF ONE THOUSAND CRUZEIROS (ROUGHLY \$125).
CCAG RECOMMENDS WAG CONSIDER EXPLORING THIS ALTERNATIVE AS
A PILOT PROJECT ON TRIAL BASIS.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 11 NOV 1975
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Authority: n/a
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01 JAN 1960
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1975RIODE03687
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D750393-1143
From: RIO DE JANEIRO
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1975/newtext/t19751154/aaaabwku.tel
Line Count: 119
Locator: TEXT ON-LINE, ON MICROFILM
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 75 STATE A-4607, 75 SAO PAULO 1288, 75 BRASILIA 9682
Review Action: RELEASED, APPROVED
Review Authority: buchant0
Review Comment: n/a
Review Content Flags:
Review Date: 08 SEP 2003
Review Event:
Review Exemptions: n/a
Review History: RELEASED <08 SEP 2003 by ReddocGW>; APPROVED <23 FEB 2004 by buchant0>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
06 JUL 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: COUNTRY COMMERCIAL ACTION MEETING, OCTOBER 29 - MARKET RESEARCH
TAGS: BEXP, BR
To: STATE
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006